Miller & Hartman, Inc. PO Box 81784 Lancaster, PA. 17608-4000

January 30, 1997

Mr. James Morris R J Reynolds Tobacco Company 486 Thomas Jones Way, Suite 200 Exton, Pa. 19341

Dear Jim:

Miller & Hartman Inc. was recently awarded a contract to supply the New York City prison facilities with eigarettee for a one year period commencing January 1, 1997, and ending December 31, 1997. For your information, I have enclosed a list of the commissaries to which delivery will be made. The contract has provisions for 54,000 cartons to be shipped. Considering information we have obtained, it is our expectation the volume will be significantly greater, thereby offering us and our manufacturing partners an opportunity to sell a substantial quantity of product.

As part of the contract, Miller & Hartman agreed to lock the prices at current levels for the duration of the contract. At this time, we are seeking to partner with eigarette manufacturers who will agree to freeze their price to us at current levels through December 31, 1997, on those products that are shipped to the attached commissaries. The brand that you manufacture that we would like to ship under these terms is Winston.

Please contact me as soon as possible as to how we can proceed to accomplish the above objectives. My phone number is (717) 397-8261, extension 230 and my fax is (717) 295-9008. Thank you for your prompt response.

Sincerely

George Dvoryak, Controller

Cc: Robert Shangraw

Harry Loshnowsky

Enclosures: One

CIGARETTES ARE TO BE DELIVERED TO COMMISSARIES AT THE LOCATIONS LISTED BELOW, DURING THE TERM OF THIS CONTRACT WHICH RUNS FOR ONE YEAR, AND ONLY WHEN REQUESTED BY THE COMMISSARY COORDINATOR. MR. ED LEPKOWSKI TELEPHONE NUMBER (212) 266-1366.

NOTE:

DEPARTMENT OF CORRECTIONS STOREHOUSE ARCHWAYS ARE ONLY 11.5 FEET HIGH.

POINTS OF DELIVERY, DEPARTMENT OF CORRECTION

DELIVERY POINT:

REPORTING CATEGORY:

ARDC

102501

11-11 HAZEN STREET

EAST ELMHURST, NY 11370

AMKC

Y04501

18-18 HAZEN STREET

EAST ELMHURST, NY 11370

CIFM

J02801

10-10 HAZEN STREET

FAST ELMHURSI', NY 11370

GMIX

1515 HAZEN STREET

EAST ELMHURST, N. Y. 11370

K02901

CRVC

0909 HAZEN STREET

EAST ELMHURST, NY 11370

NB0401

JATC

14-14 HAZEN STREET

EAST ELMHURST, NY 11370

F02201

RMSC

1919 HAZEN STREET

EAST ELMHURST, NY 11370

EF0401

RMSC

1919 HAZEN STREET

EAST EIMHURST, N. Y. 11370 EF0401

ORCC

1600 HAZEN STREET

EAST ELMHURST, N. Y. 11370 NF0401

NIC

1500 HAZEN STREET

EAST ELMHURST, N. Y. 11370

V04301

BCF

136 FLUSHING AVE

BROOKLYN, N.Y. 11205

BC0401

BROOKLYN HOUSE OF DETENTION

1002001

275 ATLANTIC AVE. BROOKLYN, NY 11215

G02301

HACOUSE OF DESIGNATION 653 RIVER AVE.

BRONK, NY 10451

MANHATTAN HDM

H02401

125 WHITE STREET

NEW YORK, NY 10013-4393

QUEENS HDM

E02101

126-02 82ND AVENUE

KEW GARDENS, NY 11415

MIFI

PIFR 40

NEW YORK, N. Y. 10014

VB0401

MIF2

PIER 36

NEW YORK, N. Y.

BR0401

ANY OTHER FACILITY THE DEPARTMENT MAY OPEN DURING

THE CONTRACT.

BIDDERS NOTE: FOR THE DEPT. OF CORRECTION COMMISSARIES CALY. A DUPLICATE COPY OF EACH SUBMITTED INVOICE MUST BE SENT TO:

DEPT. OF CORRECTION

FISCAL CONTROL DIV.

60 HUDSON STREET

NEW YORK, N.Y. 10013-4393

ATTN: COMMISSARY COORDINATOR

1851 8364